

ASOTIN COUNTY, WASHINGTON
January 1, 1994 Through December 31, 1994

Schedule Of Findings

1. The County Should Improve And Strengthen Control Procedures For Approving And Processing Vouchers And Warrants

The following deficiencies were noted in the internal control structure for the approval and processing of vouchers and warrants:

- a. The computer system does not require warrant numbers to be sequential from one warrant run to the next. Numerous duplicated warrant numbers were noted. A warrant log is not maintained by the auditor's office to support the warrant sequence. The total number and amount of warrants issued cannot be reasonably determined.
- b. The computer system does not require batch control numbers to be sequential. Batch numbers can be duplicated or skipped. It cannot be reasonably determined that the warrant register is complete.
- c. Manual warrants and warrant cancellations and voids are processed without any review or approval. The original warrant number is duplicated on a manual warrant processed to replace a void warrant. The sequence of warrants issued cannot be reasonably determined.
- d. Tracking of monthly warrant redemption is performed manually using a copy of the warrant registers instead of through the computer. Redeemed warrants are stored by month redeemed, but not in sequential order. The process required to locate redeemed warrants is cumbersome and time consuming.
- e. The commissioners review and approve the voucher approval register. When the register contains processing errors and manual warrants are issued, the commissioners are not approving the actual warrants issued and redeemed.
- f. The approval for payment of claims vouchers and payroll in the minutes does not include voucher or warrant numbers.

Many of the weaknesses stated above were communicated in a prior audit finding.

Poor internal controls increase the risk that errors and irregularities may occur and not be detected in a timely manner. County officials cannot be assured that the expenditures are legal, proper and authorized or that financial information generated is accurate.

We recommend that the county improve and strengthen control procedures for approval and processing vouchers and warrants. The control structure should include:

- a. Procedures to monitor the assignment of warrant and batch control numbers to provide reasonable assurance that the warrant register is accurate and complete.
- b. Use of a warrant log by the auditor's office to record and account for total warrant stock and warrant sequence, including spoilage and warrants that have been void or canceled.
- c. Warrant numbers that are sequential, including the assignment of the next unused warrant number for manual warrants issued.
- d. Procedures to document, review, and approve canceled or voided warrants.
- e. Procedures which provide rapid identification of warrant status as redeemed or outstanding and easy retrieval of specific redeemed warrants.
- f. Procedures for review and approval by the county commissioners of differences in the authorized voucher approval register and the actual warrants issued.
- g. Entries in the minutes to record the commissioners' approval for payments of claims and payroll in the manner prescribed by the *Budgeting, Accounting and Reporting System* (BARS) manual.

2. The County Should Implement Control Procedures To Determine Validity Of Property Tax Assessments, Adjustments, Receivables, And Receipting

During our audit of the recording and collection of property taxes, we noted the following control weaknesses:

- a. Assessor's office personnel are responsible for assessing property valuations and authorizing changes to the property tax rolls. Treasurer's office personnel make these changes to the property rolls and also collect tax payments. The report summarizing the changes to the tax rolls printed by the treasurer's office is not being reviewed by the assessor's office to ensure the adjustments are accurate and authorized.
- b. There is no indication of supervisory approval of adjusting entries to tax payments in the treasurer's office.
- c. Access to the treasurer's office cash drawer is unlimited. Property tax receipts generated by computer do not indicate the person responsible for the receipting transactions.
- d. Taxes receivable information presented in the annual report's "Schedule of Real and Personal Property Taxes" does not agree with the county's general ledger information.

The weaknesses discussed above make it possible for errors or irregularities to occur and not be detected during the normal course of business. Without adequate control procedures, county officials and the taxpayers cannot be assured that property tax assessments, adjustments or cancellations, and payments received are proper and valid.

We recommend the county implement control procedures to ensure that property tax assessments, adjustments or cancellations, and taxes receivables are valid and cash receipting is controlled. At a minimum these procedures should include the following:

- a. All treasurer's office changes that effect tax roll cancellations, refunds, supplements, or corrections should be reviewed by the assessor's office and compared to the approved support.
- b. Tax payment corrections should be approved by an employee who does not have cash receipting responsibilities or posting access to the tax rolls. Tax collection registers should be reviewed on a monthly basis and transactions relating to corrections should be reviewed and compared to approved support.
- c. Access to the cash drawer should be limited to those employees with cash receipting responsibilities. Accountability for cash handling and receipting should be established by indicating the employee responsible for each transaction on the receipt.
- d. Financial reports should be reconciled to the underlying accounting records and supporting documentation to ensure that the financial information presented is accurate.

3. The Sheriff's Department Should Improve And Strengthen Control Procedures Over Cash Receipting, Drug Investigation Funds, And Property Room

During our audit of the sheriff's department we noted significant weaknesses in the internal controls over the following operations:

a. Cash Receipting

(1) Many cash collections made at the department are not receipted. This lack of receipting control prevented us from determining whether all funds received had been deposited and properly accounted for.

(2) Some receipts issued do not include mode of payment, therefore, the completeness of deposits could not be determined.

(3) Payments for process serving fees are held and not deposited when received. Many are not receipted. The timeliness of deposits could not be determined.

(4) The depository account contained many inappropriate transactions including deposits of cash from prisoners and the subsequent payment of their expenses and deposits of cash received for reimbursement of personal cellular phone use and the subsequent issue of a check to pay the vendor. In both cases the moneys received were not receipted.

RCW 36.28.060, states in part:

The sheriff shall make duplicate receipts for all payments for his services specifying the particular items thereof, at the time of payment, whether paid by virtue of the laws of this state or of the United States.

Washington State Constitution Article XI, Section 15 states in part:

All moneys . . . collected for the use of the county . . . coming into the hands of any officer thereof, shall immediately be deposited with the treasurer . . . for the benefit of the funds to which they belong.

(5) There is a lack of segregation of duties between cash receipting, balancing daily receipts, preparing bank deposits, and performing the bank reconciliation.

b. Drug Investigative and Seizure Imprest Fund

(1) The account contained a deposit other than replenishments from the county treasurer.

(2) The account was not replenished in a timely manner.

RCW 42.26.060 states in part:

. . . All expenditures or refunds made from petty cash shall be reimbursed out of and charged to the proper appropriation or fund at the close of each month and such other times as may be necessary.

c. Property Room

(1) No physical inventory was taken at the time the manual evidence log was converted to the new computerized property system. Since the prior audit revealed discrepancies in the manual log the current system contains errors and omissions.

(2) There were discrepancies in the physical location of property when compared to the computerized evidence log. Of the nine items selected for review, two could not be located, two were located in an area other than that indicated on the log, and two items were in the process of release and removed from the property room with no records of disposition completed.

Many of the weaknesses stated above were reported in a finding in the prior audit report.

The system of internal controls associated with the operation of the sheriff's department does not provide reasonable assurance that errors or irregularities are not occurring nor being detected in a timely manner.

We recommend that the sheriff's department take the following actions to improve and strengthen the control procedures over cash receipting, drug investigation funds, and property room:

a. Cash receipting

(1) Official county receipts should be issued for each cash receipting transaction, mode of payment should be indicated, and deposits should be made timely and intact.

(2) The depository account should be closed and all receipts should be deposited with the county treasurer on a daily basis.

(3) Supervisory review and approval of the civil deputy's responsibilities should be performed.

b. Drug Investigative and Seizure Imprest Fund

(1) Amounts other than replenishments to the fund should be deposited with the county treasurer.

(2) The fund should be replenished in a timely manner.

c. Property Room

(1) A physical inventory should be taken and reconciled to the computerized records of the property room.

(2) A periodic review of the property room should be performed by someone other than the property officer to provide an internal audit function.

4. The County Should Strengthen Control Procedures Over Official Travel And Ensure Adherence To Local Requirements And State Regulations

During our audit of travel related expenditures, we noted the following weaknesses:

- a. Requests for advances from the advance travel fund were not always properly completed.
- b. Some travel expense reports and the unexpended portion of travel advances were not submitted within the time frame established.
- c. Some receipts supporting lodging expenses were not sufficiently detailed to determine that all charges reimbursed were allowable.
- d. There was no evidence that the account is being reconciled to the bank statement at the end of each month.
- e. At the time of review, the balance in the account together with reconciling items exceeded the authorized balance.
- f. Some reimbursement warrants were not deposited timely.
- g. Some reimbursements for expenses in excess of advances were paid from the account by receiving cash back from deposits.

RCW 42.24.090 states in part:

No claim for reimbursement . . . for transportation, lodging, meals, or any other purpose shall be allowed by any officer, employee or board charged with auditing accounts unless the same shall be presented in a detailed account.

RCW 42.24.120 states in part:

Such advances shall be made under appropriate rules and regulation to be prescribed by the state auditor.

The Budgeting, Accounting and Reporting System (BARS) manual, Volume 1, Part 3, Chapter 3 states in part:

The legislative body of each municipality must pass an ordinance or resolution to establish rules and regulation for the reimbursement of travel expense.

Expense vouchers containing expenses in excess of the amount advanced will be submitted in duplicate to the custodian . . . The copy of the expense claim will be submitted to the warrant issuing officer for reimbursement of the excess to the traveler.

Asotin County Resolution 95-16 attachment establishing policy guidelines on the use of the Advance Travel Account states in part:

Reimbursement will be made on a Claims for Expense Form . . . to be turned into the Payroll Department within five (5) working days of return to official station . . . receipts must be submitted with the Claims

for Expense Form. Receipts shall include date, description of purchase, vendor identification and amount.

A reconciliation shall be made with the bank statement at the end of each month. The balance remaining in the checking account as of a given date, together with any outstanding advances and travel expense claims on hand but not yet reimbursed, should always equal the amount established by the governing body for the account.

It is the responsibility of each department head or designated supervisor to ensure the provisions of this policy are observed.

Without adequate control procedures and adherence to local and statutory requirements, the county cannot be sure that the expenditure of public funds for travel expenses are properly authorized and legally spent.

We recommend that county officials strengthen control procedures over official travel to ensure that disbursements are properly authorized and made in accordance with local requirements and state regulations.

5. County Officials Should Monitor Budget Appropriations

The county made expenditures which exceeded approved budget appropriations in six county funds in 1994. Those funds and the amount of exceeded appropriations are:

Mental and Physical Health	\$230,030
Community Development Block Grant	29,344
Law Library	1,340
Emergency Services	1,229
Boating Safety	595
Treasurer O & M	396

RCW 36.40.100 states in part:

. . . every county official shall be limited in the making of expenditures or the incurring of liabilities to the amount of the detailed appropriation items or classes

RCW 36.40.130 states in part:

The county auditor shall issue no warrant and the county commissioners shall approve no claim for any expenditures in excess of the detailed budget appropriations or as revised

Because the county lacks procedures for monitoring of county expenditures and periodic review of individual funds to determine their financial position, expenditures exceeded appropriations.

We recommend that county officials comply with state statutes. We further recommend that the county implement procedures to monitor fund expenditures.